

**MEETING MINUTES
CITY OF MILPITAS**

Minutes of:	Special Joint Meeting of Milpitas City Council and Housing Authority
Date:	Tuesday, May 8, 2012
Time:	6:00 PM
Location:	Council Chambers, Milpitas City Hall, 455 East Calaveras Blvd.

ROLL CALL

Mayor Esteves called the meeting to order at 6:01 PM.

PRESENT: Mayor Esteves, Vice Mayor McHugh, Councilmembers Giordano, Gomez and Polanski

ABSENT: Councilmember Gomez was absent at roll call and arrived at 6:02 PM

PLEDGE OF ALLEGIANCE

Mayor Esteves led all in the Pledge of Allegiance.

PRESENTATION

Mayor Esteves, along with public officials from the City of Figline Valdarno, Italy conducted a signing ceremony to officially secure the new Sister City relationship with the community located in the province of Florence, Italy.

Vice Mayor McHugh moved, and Councilmember Polanski seconded, approval of the formal Memorandum of Understanding between the cities of Milpitas and Figline Valdarno. The motion was approved by unanimous vote. Officials from both cities provided positive remarks for a successful future between the two.

PUBLIC FORUM

Paul Mullett, Milpitas employee, sought to make clarifications on what was said at the Council meeting on May 1, and commented on what the City Manager had said. He also referred to recommendations provided by a consultant the previous night, regarding specific work to be done by a contractor.

Councilmember Giordano asked Mr. Mullett about the 700 signatures on the petitions he had turned in to the City Clerk at the last meeting.

Steve Bunnell, Milpitas resident, addressed the timing of the web postings of the City Council agenda.

Rob Means, 1421 Yellowstone Ave, Milpitas, gave his view that corporations were not people and money was not speech. Money in elections and local politics was an issue, so he wanted a resolution passed in Milpitas in support of a constitutional amendment on this topic as others were doing in California.

ANNOUNCEMENTS

Councilmember Debbie Giordano requested of her colleagues to adjourn this evening's meeting in memory of City employee Jorge Diaz, who unexpectedly passed away last week.

Mayor Esteves congratulated the Youth Advisory Commission for its success with the recent "Milpitas Got Talent" show.

**ANNOUNCEMENT OF
CONFLICT OF INTEREST**

None.

APPROVAL OF AGENDA

Motion: to approve the meeting agenda as submitted

Motion/Second: Vice Mayor McHugh/Councilmember Giordano

PUBLIC HEARING for the Proposed Fiscal Year 2012-13 Budget

City Manager Tom Williams introduced the proposed budget for the upcoming Fiscal Year 2012-13. He described the recent history about this year's difficult budget, and the current economic climate. A \$9.2 million shortfall was identified following the state of California's elimination of all Redevelopment Agencies in the state.

Budget Presentation by the City Finance Director

Finance Director Emma Karlen reported a detailed summary of the proposed FY 2012-13 budget for all funds. She reviewed various actions taken to date by the City Council, accomplishing savings needed toward the significant deficit. Staff recommended use of \$1.3 million funds from the Equipment Replacement funds that would no longer be necessary next year, in order to fund the gap between revenues and expenditures.

She described the \$35.7 million reduction in total amount budgeted from FY 2011-12 to the proposed FY 2012-13 budget. Primarily due to the elimination of the Redevelopment Agency and its funds, she removed from the budget the debt obligations, which were now under the jurisdiction of the Milpitas Oversight Board. Use of reserve funds in the current fiscal year was identified with \$5 million utilized in total, including \$3 million over the last five months for staff costs. Meanwhile, increased revenues were predicted conservatively for FY 2012-13.

Ms. Karlen displayed a slide with General Fund Five Year projections, from FY 2012-13 through FY 2017-18. Councilmember Gomez asked about savings achieved when people retired, and whether that was accounted for in the staff projections. Councilmember Giordano asked what was different this year and Ms. Karlen said there was no change in the approach or practices in preparation of the budget.

City Manager Williams expressed the difference identified in the budget was that the City would no longer be able to rely on filling the gap with redevelopment funds. In reply to Councilmember Polanski, Ms. Karlen said the five year projection did not include any potential more savings from employee groups' future Memorandums of Understanding.

Police Department

Police Chief Dennis Graham addressed the Council with expected changes in the Police Department, with necessary restructuring if the budget was adopted as presented. The department planned on not funding five vacant positions, which would result in the loss of specific services and activities, and he explained those.

Mayor Esteves asked Chief Graham about whether if payroll costs were reduced 7-10 percent, could the Police Department save the services that were to be cut. The Police Chief responded, likely yes, he would restore what was the priority at the time the funds were available.

Councilmember Polanski asked how many patrol vacancies were in Police and the answer was two.

Councilmember Giordano discussed the joint communication meetings with the School District Board of Trustees members, and the opportunity for MUSD to participate in cost sharing for e.g. Character Counts. However, the schools declined.

Councilmember Gomez asked about staffing with regard to the chief's secretary. Vice Mayor McHugh inquired about police reductions (noted on page 17 of the budget book) and what enabled the Chief to reduce the budget by 3.9% or save \$900,000 in the next year (on page 10). Mr. McHugh asked for some confirmation of the facts presented in the powerpoint.

Councilmember Giordano and subsequently Councilmember Gomez inquired about staffing issues of the non-sworn staff at the police department, including the executive secretary position. Chief Graham explained that the position was eliminated while the City Manager reported staffing decisions he would implement. Councilmembers also asked about police officers at the Great Mall and funding for those positions, police officers typing their own reports, vehicle enforcement officer, and appropriate number of police officers in a city of Milpitas' size. Chief Graham responded that police officers per 1,000 residents was a frequent measurement in law enforcement. 1.27 officers per 1,000 was the number in Milpitas while the average nationwide was 1.8 per 1,000.

Mayor Esteves asked if the reserve police officers would be retained and the Chief said yes. Mayor Esteves sought information on prior concessions from the Milpitas Police Officers Association. The City Manager replied MPOA took a 7% reduction through furlough until 12/31/12, when the current contract would expire.

Councilmember Giordano felt that response time was a key element of staffing enough police officers, and she remarked on the excellent response time here in Milpitas. Vice Mayor McHugh asked the Chief exactly what was the emergency response time. Chief Graham replied it was 2 minutes 42 seconds, an 11-year low.

Recreation Services

Human Resources Director Carmen Valdez addressed the City Council about two Recreation programs, the Rainbow Theater and Teen Center. They were proposed to be operated as contract classes, rather than staffed by full time City staff, as currently offered. She discussed how the Theater program could offer three shows per year, and what changes would be needed.

Councilmember Polanski felt it was a good plan, and referred to fundraising efforts by Councilmembers toward the rights for the theater shows. In reply to a question, staff explained that \$20 was the usual difference between costs for residents and non-residents to register for a class. The Mayor and three Councilmembers offered their support for the new plan for Rainbow Theater to continue operating.

Staff reported that the Milpitas Teen Center would close as of July 1, 2012. Then, it must determined if an outside group would be available to offer services on a contract basis, so contact was made with the YMCA and the Boys & Girls Club. More discussion would be ongoing about this idea.

Councilmember Giordano commented on Youth Advisory Commission activities. Teen Center participation numbers were extremely low, and she inquired about alternative use of that space, in the building housing the Sports Center. Staff was looking into that, and planned to continue to offer weekend rental of the Teen Center.

Capital Improvement Program

CIP Manager Steve Erickson reviewed the CIP for Fiscal Years 2012-17, noting that it had previously been reviewed by appropriate Commissions and Subcommittees. He listed summaries of the Five-Year CIP for 2012-17, broken out into six categories: Community Improvements, Park Improvements, Streets, Water, Sewer Improvements, and Storm Drain Improvements. He displayed the grand summary over the five-year period, including \$12,485,000 for the first year, FY 2012-13. Mr. Erickson next explained a chart with \$32.7 million in unidentified funding for projects in several project areas. He displayed a map with pavement project locations over the next five years.

Mayor Esteves had questions about the Fire Department. He sought information on reductions in the Fire Department. Chief Sturdivant responded on staff reductions: office specialist position was cut, three overtime vacancies cut, and the Department would push back vehicle replacement for one year. The Mayor then asked about concessions from Fire employees, and the City Manager explained their 7% pay cut toward PERS employer costs, and the elimination of a 3% raise previously agreed. Also, IAFF agreed to forego some of its minimum staffing.

Councilmember Giordano noted, per a recent survey, that 68% of the community felt the City was run well, including public safety services. In reply to her question, Chief Sturdivant reported that the Fire Department's response time was just over 4 minutes presently.

Mayor Esteves next opened the Public Hearing and invited speakers from the audience.

Councilmember Polanski, upon reading page 44 of the budget document, asked the Mayor about no longer having Council subcommittees and/or to reduce the number of Commissions and task forces possibly. Mayor Esteves replied that he did plan to review the Council subcommittees in the coming year. He would start working on that, and asked the Vice Mayor to work with him and to come up with a recommendation.

Speakers:

Aude Jensen, a mother and resident of Milpitas, spoke favorably about the Teen Center. She had not seen a notice about its closing and the decision to close it was hush-hush and hidden. No formal communication with the teens or their families was made, and that was not right. It would be wrong to use the space for more Sports Center, as teens needed a place to go.

Mary Nichol, resident and MUSD School District employee, felt that cuts would affect children, and spoke of several of the Police Department programs. She would like to see a school board member present at these Council meetings. Children were the most important in the community.

Ramon Mora, a Milpitas father of three sons who all attended the Milpitas Teen Center, said it had been very helpful to his family, helped his boys finish their homework, and they enjoyed going to the Center. Staff was excellent with the kids and helped them become good citizens. Don't change it, he urged.

Marcos Mora, a teenager who attended the Milpitas Teen Center, stated how staff there encouraged him to do good in school, get his homework done, and described ways to improve. When he was younger, he couldn't wait to be able to attend the center after watching his two older brothers participate.

Paul Mullett stated this was a sad day for the City of Milpitas. This City was built on labor, and how strong it had been. He addressed the Council, asking where were the Requests for Proposals for parks and streets maintenance. Council needed facts and figures in their hands, to save money. Contractors were here at past meetings, seeking prevailing wages for contractors, yet the City Council was willing to cut current workers.

Ben Field, representing the South Bay Labor Council and a Los Gatos resident, said it was apparent that minds were already made up. The City could not afford not to contract out public works jobs. What was before the Council was whether \$900,000 in savings was possible, in other ways. He believed there was no financial necessity to contract out public works.

Steve Allen, resident of Redding, CA and business agent for Local 792 union, had worked in the trenches for many unions in northern California. He worked with four employee groups in the City of Milpitas. He had a long list of criticisms, and it now was a tough spot the Council was in. A lack of communication occurred and he wanted the Council to rescind layoffs of public works employees. Over the next seven to eight weeks, a roundtable discussion should happen with more effort on both parts.

Steve Bunnell, Seacliff Drive, Milpitas resident, appreciated if Council would keep an open mind, and recalled some history. He discussed qualifications of some persons who would be laid off and the work to be done.

Carmen Montano, Summerfield Drive, Milpitas resident, had always seen City workers working hard with great quality services. She urged the City Council to go back to the table to work out the issues. Service was "you get what you pay for."

Ellis Miller, resident of Redding, CA and union representative, concurred with the business representative who spoke earlier and asked for reconsideration of Public Works plan. The roundtable as suggested was a good idea.

Rob Means, Yellowstone resident, presented a handout to the City Council with 25 ideas on how to raise revenues.

Eddie Loreda, a City public works employee, had managed many contracts for the City. He asked who was writing the RFPs for the services for streets, parks, and tree maintenance work. No one was working with him on it. The City would be handing important work out to contractors, and he felt that the Council was being misled.

Eddie Barbosa, a City public works employee, started working here in 1981. He wanted Council to consider what the representatives said and asked for reconsideration at the table. This was a very important matter.

COUNCIL ACTIONS

(1) Motion: to close the public hearing

Motion/Second: Councilmember Giordano/Councilmember Polanski

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

Vice Mayor McHugh commented that contracting out was becoming more common in city government. It was presented by the City Manager, and confirmed by the management consultant report last night. As to the Public Works employees' proposal, that was reviewed by both the City Manager and the Public Works Director and judged ineffective. The State sets up cities, with elected representatives charged with choosing a professional manager, and City Council is like a Board of Directors. Then, they use experience and professional judgment along with the City Manager to professionally manage the city effectively and as financially responsible.

Councilmember Polanski appreciated all who spoke tonight and those she'd talked with about the budget. She appreciated hearing from the Corporation Yard Task Force and reviewing its report. Last night, the report presented by the consultant, Management Partners, suggested that contracting out was needed at times, due to economic factors as existed here. Sustainability was key. She discussed numbers in the Corporation Yard Task Force proposal. Finally, she supported use of the equipment replacement funds (no longer need) and not reserve funds to be used to balance any budget gap at the end of FY 2012-13.

Councilmember Gomez would not and could not support staff's recommendation. He felt the City had not considered RFPs enough had not met meet-and-confer obligations, and had not fully reviewed the employee proposal. His view was that it was a bad idea to outsource these services.

Mayor Esteves said this was just the beginning, noting the CIP needed a lot more funds. It was good to review quarterly the suggestions from Management Partners last evening. They must look at core services for residents, at affordable cost. The budget was not perfect, as a first shot, but he gave it an "A." Management did a good job. He was not happy with cutting services to youngsters, like cutting the Teen Center. Also, his point of view was that having a tax was not an acceptable choice.

City Attorney Ogaz asked that the recommended actions be taken individually by the Council. He also requested that the City Council include the following language in the Joint Resolution: "a finding that there is no potential impact on the environment from this action per Section 15061 (b) 3 of the CEQA guidelines."

(2) Motion: to adopt the Joint Resolution of the City of Milpitas and the Milpitas Housing Authority No. 8177 / HA6 approving the Final Budget of \$105,142,850 for FY 2012-13 including the FY 2012-13 Capital Improvement Program Budget of \$12,485,000, and motion included the use of Equipment Replacement funds (not reserve funds) to close the gap of \$1.3 million, as well as the additional language stated by the City Attorney

Councilmember Giordano thanked the City Manager for bringing forward a balanced long term budget. She thanked her colleagues, with a different mindset than her own, but they did come together to do the best for the City in crisis.

Motion/Second: Councilmember Giordano/Vice Mayor McHugh

Motion carried by a vote of: AYES: 4
NOES: 1 (Gomez)

(3) Motion: to adopt City of Milpitas Resolution No. 8178 amending the Classification Plan, which deleted 42.5 positions, and reclassified Accounting Services Manager to Finance Manager, and Legal Assistant to Executive Secretary

Motion/Second: Councilmember Giordano/Councilmember Polanski

Motion carried by a vote of: AYES: 4
NOES: 1 (Gomez)

City Attorney Mike Ogaz read aloud the title of Ordinance No. 197.12, "An Ordinance of the City of Milpitas Amending Section 1.00 of Chapter 3, Title VI of the Milpitas Municipal Code by Transferring the Parks Division to Public Works Department and Recreation Division to Human Resources Department."

(4) Motion: to waive the first reading of Ordinance No. 197.12

Motion/Second: Vice Mayor McHugh/Councilmember Giordano

Motion carried unanimously by a vote of: AYES: 5
NOES: 0

(5) Motion: to introduce Ordinance No. 197.12

Motion/Second: Councilmember Giordano/Councilmember Polanski

Motion carried unanimously by a vote of: AYES: 4
NOES: 1 (Gomez)

ADJOURNMENT

Mayor/Chair Esteves adjourned the meeting at 9:34 PM in memory of Jorge Diaz.

The foregoing minutes were approved by the Milpitas City Council as submitted on May 15, 2012.


Mary Lavelle, City Clerk